



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

DEC 17 1997

Ms. Cynthia L. Johnson
Director, Cash Management Policy and Planning Division
Financial Management Service
U.S. Department of the Treasury
Room 420
401 14th Street, S.W.
Washington, D.C. 20227

Dear Ms. Johnson:

The Department of the Interior appreciates the opportunity to comment on the notice of proposed rulemaking concerning the management of Federal agency disbursements in the Federal Register dated September 16, 1997. Our comments are provided in the enclosure to this letter.

Should you have any questions or require additional information regarding the submission, please contact Ted Woronka or me on (202)208-4701.

Sincerely,

R. Schuyler Lesh
Director of Financial Management and
Deputy Chief Financial Officer

Enclosure

EFT
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similar to what they propose to do for credit card transactions. If this is not possible, then we would like to recommend that the proposed waiver authority contained in Section 208.4(g) be expanded to allow agencies to include TPD payments in this category, since many would be non-recurring.

For your convenience and reference, summarized below are the Department's experiences thus far, relating to EFT payments to vendors:

- o Banks do not notify vendors when deposits are made. Vendors must wait until their statements arrive. This causes past due notices to be automatically generated when payments have already been made.
- o Some banks are charging vendors a service charge for EFT payments.
- o Some vendor business practices and accounting procedures currently require them to receive a check so they can endorse the back for their record keeping. Some vendors have notified us that they are not willing to change their procedures to accommodate Federal customers.
- o Vendors are unable to identify EFT payments. Addendum information provides several groups of numbers but no descriptions to identify the numbers. When vendors contact the Department for clarification, we are unable to identify where the payment originated because the detail for the transaction is not recognizable. At a minimum Treasury and recipient financial institutions should be required to identify the 8-digit agency location code so we can identify the bureau that made the payment.
- o There is a need for reliable EFT and TIN information for larger cooperations doing business with the government. In an approach to ensure vendors would not have to submit their account information to each agency with which they do business and reflect changes when banks merge or vendors change account information would streamline EFT payment processes.
- o Many recipients have complained that their banks do not have the electronic capability to include information with the received payments. Lack of invoice information results in numerous telephone calls and research to match the payment with the invoice. In addition, due to the lack of invoice information, payments have been sent back resulting in payment reissues.
- o It has been our experience that it takes about a week or more before we have credits from Treasury for rejected or misrouted payments when sent EFT, not 24 hours as stated.

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- o The Department has emergency firefighting programs that require making on-the-spot payments for supplies, food, and services, often in remote locations. In many cases, credit cards are not accepted by these vendors and the nature of these payments rules out the use of EFT. The proposed rule does not contain a provision allowing the use of third party drafts in lieu of EFT under these circumstances. In our view, payments of this type should be addressed by Section 208.4 waivers.
- o The proposed rule makes no mention of FedSelect checks, yet we understand that Treasury's forthcoming policy on FedSelect will make it the "third party draft of choice." If this is the case, a reference to this policy would assist Federal agencies in making the preferred choice when EFT is not possible.
- o A question has arisen as to how Treasury will know which vendors have obtained waivers. Will automated system changes be necessary to meet new reporting requirements associated with payments made under any of the waivers? If so, agencies should be provided adequate lead time to modify their systems.
- o To facilitate EFT for realty purchases the "authorized payment agent" definition should include escrow agents, other agencies, and the State and Federal Court System to allow for the closing of real estate transactions.
- o The procedures for determining whether a paper check is more cost effective than EFT needs to be clarified.
- o Under Section 204.4, waivers need to be clearly defined in the rule with actual definitions included.
- o In connection with the successful design of new banking accounts, every effort should be made to ensure that individuals who do not presently have accounts of their own with a financial institution are given the opportunity to open an account at the lowest possible cost and structured to provide only a basic service.
- o The National Park Service (NPS) has been utilizing the Department of the Treasury's sponsored third party draft (TPD) payment system over ten years. Over the years, the number of draft sites and the volume of payments processed through the system has continually increased. The use of TPD has enabled the NPS to make timely payments to recipients. Given the success of the various TPDs throughout the Department, we would like to have the proposed definition of electronic funds transfer in Section 208.2(c) changed to also include a statement that the term includes third party draft transactions,